Make Money with Hedged Forex investments

The No-Stop, hedged, Forex trading Grid system (“the No Stop system”) is one of the most misunderstood techniques in forex trading. I am going to describe the No Stop system as best I can in the limited space available. There is a series of 7 other articles describing the elements below in greater detail. There are many hedged systems around and the No Stop system below is one that is being traded profitably.

The No Stop system is an investment technique which creates favourable dollar cost averaging on all transactions entered into. For this reason the technique is too much of a paradigm shift for most conventional traders who like charts, support and resistance and indicators. It is strictly speaking, it is not a trading technique. It has however become very popular as a trading technique because of the short term gains that can be made.

The No Stop system trades without stops. No stop loss orders are used at all except for when a group of transactions have a positive result and we want to liquidate the entire group of transactions at a net gain. Because the No Stop system cashes in its transactions regularly it becomes a trend following No Stop system too. There is no need for charts when using this No Stop system as we use predetermined price levels to cash in transactions positively (The No Stop system loves price spikes).

Transactions can or should be slow at a rate of about 3 to 4 a week. As price levels are determined well in advance orders can be placed well in advance so the No Stop system takes very little supervision. The technique is highly systematic and can easy be converted into an automatic trading system or expert advisor very easily.

The No Stop system is always in a sell and a buy at the same time and therefore can cash in on any move the market makes. Being in a sell and a buy at the same time also created a hedge. Predetermined cash in levels create a grid of price levels there positive transactions will be cashed in continuously until the group of transactions are profitable.

In simple terms you will enter the market at a particular level with an active bay and a sell. You would have predetermined levels at which you would cash in positive transactions. For instance one could decide to cash in on every 100pip (grid gap) move made in the market. When the price moves 100 pips you would cash in your positive transaction and then enter into another buy and sell transaction at that point. This process will continue until the total for the group of transaction is positive and then you would liquidate. You would then start again – as simple as that. Money is made when the price revisits some of the cash in levels over and over and over again (which it does). In the above example should the price return to the starting level (after moving 100 pips) the group of 4 transactions in total will be positive and you would then cash in the unwanted transactions, bank your profits and start again.

The big danger of this No Stop system is strong trends with no or very few retracements. You will lose money in trends. There are however specific techniques to manage and contain these losses. The biggest one is to start with a big grid gap. What is a trend on a 5 minute chart could be a small spike on a daily or weekly chart. Grid gaps of between 150 pips and 300 pips have been found to work well. One could also vary the grid sizes relative to the trend to reduce the number of unhedged transaction. For example have grid gaps of 100, 200, 300 etc. The other way is to vary the number of lots used when entering into the buy and sell transactions at a particular cash in point to ensure balanced hedging.

Trends tend to scare people away from this technique but if one views this as an investment technique and not a trading technique the trends could have a reduced impact on the annual return on investment. The market only trends 20% of the time any way. Talking about return on investment some current trading groups are showing returns of between 200% p.a. and 1000% p.a. on current investment levels. There are many trading records are available to back this up. The longer you trade this No Stop system the lower your risk and the better your return. That said, you can lose more than just your boots (your whole trading account) if you treat this No Stop system with disrespect.

In very simple terms you will start trading this technique by entering the market at a particular level with an active bay and a sell. You would have predetermined levels at which you would cash in positive transactions. For instance one could decide to cash in on every 100pip (grid gap) move made in the market. When the price moves 100 pips you would cash in your positive transaction and then enter into another buy and sell transaction at that point. This process will continue until the total for the group of transaction is cashed in positively. You would then start again – as simple as that. No need for charts. Patience is the biggest virtue required.

Success factors for this No Stop system are: - Selecting appropriate grid sizes, currency pairs, lot sizes, cash in times and an investment mentality. All very easy, if you have done it for a few years. This No Stop system is not for everybody however, and is not the best Forex system since sliced bread, but is does very nicely for some traders, thank you very much. It is important to know about this system as using its principles could help your conventional trading.

For freely available information on this No Stop system why not Google “no stop forex trading” or visit authority sites like expert-4x or Forextradersupportservices.

About the Author

Find out how you can make money trading the no stop forex trading technique from Mary McArthur from Forex Trader Support Services or Forex Trader – Alerts Contact her at info@expert4x.com

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